

California's Cap-and-Trade Program

Publicly Available Information



The California Air Resources Board (ARB) is committed to providing a wide range of information to the public on every aspect of the Cap-and-Trade Program. We do this because it fully supports the operation of the program which is built on transparency to ensure efficient market operation.

The information we provide ranges from the bedrock reporting and third party verification of greenhouse gas (GHG) emissions through allocation, offsets, compliance, auction announcements and results, market data and enforcement. In addition, we provide extensive information on the overall GHG inventory, based on verified GHG data, (indicating progress to achieving overall reductions) and a full accounting of the expenditure of the proceeds of the cap-and-trade quarterly auctions.

Because the Cap-and-Trade Program deals with multiple private and public companies, certain types of information – typically those related to Confidential Business Information – may be protected from disclosure pursuant to the California Public Records Act (PRA) and other applicable privacy laws.

Cap-and-Trade Auctions

ARB posts information about each auction to ensure market participants and the public are provided with *simultaneous access* to information via public web postings about available supply, requirements for participating, summary results statistics, and proceeds. For market sensitive information such as auction results, notifications of the posting time of that information are announced in advance.

All reports related to the cap-and-trade auction are accessible from this page:

www.arb.ca.gov/cc/capandtrade/auction/auction.htm

- **Auction Notice:** The Notice includes deadlines, the number and vintages of allowances available, descriptions of participation requirements, and other relevant information. A sample notice is for the upcoming November 2016 auction:
www.arb.ca.gov/cc/capandtrade/auction/nov-2016/notice.pdf
- **Annual Auction Reserve Price Notice:** This notice specifies the California and Québec Annual Auction Reserve Prices and the number of allowances to be auctioned in a year for the quarterly Current and Advance auctions. A sample Annual Auction Reserve Price Notice is for 2016:
www.arb.ca.gov/cc/capandtrade/auction/2016_annual_reserve_price_notice_joint_auction.pdf
- **Joint Auction Summary Results Report:** This report includes summary statistics of allowances offered for sale, allowances sold, allowance numbers by origin (California-owned, Québec-owned, and utility consigned allowances), a list of qualified bidders, and other market statistics. A sample from the August 2016 auction is available here:
www.arb.ca.gov/cc/capandtrade/auction/aug-2016/summary_results_report.pdf
- **Post-Auction Public Proceeds Report:** This report includes the exact amount of proceeds from current and past auctions that are deposited into the California Greenhouse Gas Reduction Fund for appropriation by the Legislature and the Governor through the annual budgeting process. A sample from the August 2016 auction is available here: www.arb.ca.gov/cc/capandtrade/auction/aug-2016/ca_proceeds_report.pdf
- **Reserve Sales:** Similar information as posted for auctions is posted regarding Allowance Price Containment Reserve Sales. To date, no Reserve Sale has been conducted. www.arb.ca.gov/cc/capandtrade/reservesale/reservesale.htm

Auction Proceeds/California Climate Investments

ARB maintains a comprehensive accounting of how auction proceeds are invested. The California Climate Investment webpage includes detailed information on funds expended from the Greenhouse Gas Reduction Fund, including an annual report, a funding map, the Annual Report to the Legislature.

- **California Climate Investments page:**
www.arb.ca.gov/cc/capandtrade/auctionproceeds/auctionproceeds.htm
- **California Climate Investments map:**
arb.ca.gov/cc/capandtrade/auctionproceeds/auctionproceedsmap.htm
- **California Climate Investments Annual Report to the Legislature:**
www.arb.ca.gov/cc/capandtrade/auctionproceeds/annualreport.htm

Greenhouse Gas Emissions Reporting

ARB posts annual reports showing previous years' verified greenhouse gas (GHG) emissions data for individual reporting facilities, electric power entities, and fuel suppliers. In general, emissions must be reported if they exceed 10,000 metric tons of carbon dioxide equivalent (MTCO₂e) per year. If a facility, electric power entity, or fuel supplier exceeds 25,000 MTCO₂e per year, the report must also be verified by an ARB-accredited, third-party verification body and the reporting entity would be covered by the Cap-and-Trade Program and would be required to submit compliance instruments to match its annual, verified GHG emissions. These instruments include allowances and offset credits issued by ARB.

Mandatory Greenhouse Gas Reports: Annual entity-specific GHG emissions data, including verification status if required, is available here:

www.arb.ca.gov/cc/reporting/ghg-rep/reported-data/ghg-reports.htm

Google Earth Greenhouse Gas Emissions Map and Visualization Tool: Allows users to choose individual sources and facilities – with emissions data -- on a map using Google Earth, including presenting facility images in 'Satellite' mode: arb.ca.gov/ei/tools/ghgfacilities/

GHG Verification information: Displays information on Third-Party Verification of reported emissions, www.arb.ca.gov/cc/reporting/ghg-ver/ghg-ver.htm including information on Accreditation of Verifiers at: www.arb.ca.gov/cc/reporting/ghg-ver/ghg-ver-accreditation.htm

California Greenhouse Gas Emissions Inventory Program

The Cap-and-Trade Program is one of a suite of measures designed to achieve the goals of AB 32. Progress toward the AB 32 near-term and longer-term targets requires an assessment of multiple AB 32 measures, based on verified emissions data from within California.

The Inventory Program accounts for the state's overall annual emissions. (Note: It does not subtract cap-and-trade offset credit used for the Cap-and-Trade Program from the statewide inventory.) The Inventory Program will serve over the long-run as the accounting metric for AB 32 progress.

GHG Inventory Page: The GHG Inventory offers a wealth of information on overall GHG emissions in California, including tools to determine all aspects of the Inventory: by sector, by greenhouse gas, by Scoping Plan designation etc. using spreadsheets, or also treemap presentations.
www.arb.ca.gov/cc/inventory/inventory.htm

Treemap and other Graphic Presentations of GHG Inventory:
www.arb.ca.gov/cc/inventory/data/graph/graph.htm

Inventory Trends: This annual document presents an analysis of trends in the state's GHG Inventory showing reductions of changes from one year to the next, or over a period of years, by sector, dating back to 2000.
www.arb.ca.gov/cc/inventory/pubs/reports/2000_2014/ghg_inventory_trends_00-14_20160617.pdf

Allocation Information

ARB provides for allowance allocation to some entities covered by the Cap-and-Trade Program in order to prevent leakage and to provide some transition assistance. This means that, pursuant to requirements and formulas in the Cap-and-Trade Regulation (Regulation), ARB provides allowances directly to certain entities. Allocation information is discussed in sections 95870-95895 of the Regulation.

- **Allocation Percentages for Electrical Distribution:** Table 9-3 of the Regulation shows allocation percentages for the electrical distribution utilities. Allowance allocation numbers for each electrical distribution utility allocation is available in greater detail here: www.arb.ca.gov/cc/capandtrade/allowanceallocation/electricity-allocation-2013-updates.pdf
- **Industrial Benchmarks, Assistance Factors, Cap Adjustment Factors:** Industrial benchmarks are shown in Table 9-1 of the Regulation. These factors are used in combination with assistance factors (Table 8-1), cap adjustment factors (Table 9-2), and entity-specific production data to calculate product-based industrial allocation. Facility production data is exempted from the PRA. Since this data could be determined from individual entities' product-based allocation, ARB does not disclose entity-specific allocation numbers. ARB has provided information regarding all allocation for each year here: www.arb.ca.gov/cc/capandtrade/allowanceallocation/publicallocation.htm

For an example of a specific year's data, see:

www.arb.ca.gov/cc/capandtrade/allowanceallocation/v2015allocation.pdf

- **Use of Allocations:** Reporting on the use of allocated allocation value is required by the Regulation, and reports are made available, along with all allocation information, here: www.arb.ca.gov/cc/capandtrade/allowanceallocation/allowanceallocation.htm

For example, a summary report on vintage 2013 electricity distribution utility use of allocation allowance value is available here:

www.arb.ca.gov/cc/capandtrade/allowanceallocation/edu-v2013-allowance-value-report.pdf

Voluntary Renewable Electricity Program

ARB posts information on the annual retirement of allowances under the Voluntary Renewable Electricity (VRE) Program. This program supports purchases of renewable electricity and renewable energy credits (REC) that are not mandated by the Renewables Portfolio Standard, and provides a mechanism for the recognition of voluntary purchases of renewable electricity or RECs in the Cap-and-Trade Program. Retirement amounts are available at www.arb.ca.gov/cc/capandtrade/renewable/renewable.htm and a list of entities on behalf of whom allowances have been retired is available here:

www.arb.ca.gov/cc/capandtrade/renewable/vreparticipants.htm

Offsets

In addition to allowances, ARB also issues offset credits to projects that meet stringent eligibility and quantification requirements specified in the Regulation and in approved Compliance Offset Protocols (e.g., U.S. Forest Projects Protocol, Ozone Depleting Substances Protocol, Livestock Digester Protocol, Mine Methane Capture Protocol, Urban Forestry Protocol, and the Rice Cultivation Protocol). Offsets represent real emissions reductions that occur outside of covered sectors. Offsets are eligible for entities to use to meet up to 8% of their covered emissions. Offset credits must be real, additional, permanent, verifiable, quantifiable, and enforceable.

- **Offsets Issued:** ARB posts detailed information about the offset credits it has issued. This includes an overview page that is updated every two weeks. www.arb.ca.gov/cc/capandtrade/offsets/offsets.htm

- **ARB Offset Credit Issuance Table:** This detailed table is updated every two weeks which includes project information, links to project documentation, and full transparency on all aspects of projects from project location, project listing, issuance, and invalidation timeframes.
www.arb.ca.gov/cc/capandtrade/offsets/issuance/arb_offset_credit_issuance_table.pdf
- **Verification Bodies and Accredited Verifiers:** ARB posts a list of all accredited verification bodies and accredited verifiers.
www.arb.ca.gov/cc/capandtrade/offsets/verification/verification.htm

Market Data

Every compliance instrument (allowance or offset) ARB issues has a unique serial number and is tracked from generation to its retirement. ARB posts information regarding the status of current registered entities, aggregated reports about the status of compliance instruments, and other data to provide the market with necessary information on the program.

- **Market Transfers:** ARB posts (along with our linked partner, Québec) reports (only one to date) with aggregated transfer data. We have 2014 transfers reported here:
www.arb.ca.gov/cc/capandtrade/2014transferssummary121615.xlsx
By way of comparison, the Regional Greenhouse Gas Initiative (RGGI) posts transfer reports on a more frequent time basis than California currently does. RGGI reports are also masked of any entity names or other entity-specific data. Like California, RGGI does not disclose counterparties to a trade, holdings, positions, or auction winnings at the individual entity level. Data on futures and options transactions involving California allowances that occur on the Intercontinental Exchange (ICE) are available from industry sources.
- **List of Cap-and-Trade Companies (CITSS Registrant Report):** On a quarterly basis, ARB posts an updated list of all entities registered in our tracking system. For the latest one, see here: www.arb.ca.gov/cc/capandtrade/citssregistrants063016.pdf
- **Compliance Instrument Report:** This report shows, on a quarterly basis, the number of instruments aggregated by instrument type, account type and vintage. This report shows what market participants have in their accounts as of the report release, and the General Account column represents a snapshot of what allowances were available to be in circulation at that time. www.arb.ca.gov/cc/capandtrade/complianceinstrumentreport.xlsx

Compliance With Cap-And-Trade Program

Compliance Report: ARB posts a compliance report each year, reflecting the annual (or multi-year) emissions for each covered entity, and the types and quantities of compliance instruments surrendered by each entity for compliance. (Current compliance with the program is just shy of 100%). This report has additional detail regarding the types of offset credits and specific offset projects those credits are from, and the total number of allowances that were surrendered per entity. For the first full compliance period (2013-2014) report, see here:
www.arb.ca.gov/cc/capandtrade/2013-2014compliancereport.xlsx

Enforcement Actions

ARB posts all settlement agreements from enforcement actions, including those related to the Cap-and-Trade Program and the Mandatory Greenhouse Gas Reporting Program here:
www.arb.ca.gov/enf/casesett/casesett.htm

General Information On Cap-And-Trade:

All information regarding the development of the Program, including regulatory adoption, amendments, stakeholder comments, guidance documents, frequently asked questions, market notices, and public meetings, can be accessed on our main webpage here:
www.arb.ca.gov/cc/capandtrade/capandtrade.htm